



15 May 2015

The Chief Executive
All Regulated Entities

Dear Sir/Madam,

Training and testing for commencement of the new OTC derivatives regime

Further to my letter of 9 January 2015 advising on the training and testing schedule of the over-the-counter (OTC) derivatives trade repository of the HKMA (HKTR) for the first two quarters of 2015, I am writing to advise on the schedule for the third and fourth quarter of this year.

The Securities and Futures Commission (SFC) and the HKMA have jointly announced today that the mandatory reporting requirements under the new OTC derivatives regime would take effect from 10 July 2015. Regulated entities subject to the requirements (i.e. Authorized Institutions, Approved Money Brokers, Licensed Corporations and Central Counterparties operating in Hong Kong) will have six months to prepare for reporting from the effective date of the new regime, and backloading of trades is required to be completed within nine months from the effective date.

Regulated entities are required to sign up for the reporting service of the HKTR and complete a simulation test (including for entities intending to report via an agent) before they will be accepted for reporting. The schedule for the training sessions and simulation tests of the HKTR in the second half of 2015 is set out in the enrolment forms attached to this letter. Regulated entities should consider, within the timeframe allowed by the new OTC derivatives regime, the time for them to commence reporting, and ensure they will sign up for the reporting service and complete a simulation test in time. Nevertheless, regulated entities are encouraged to participate in a simulation test as early as possible, to allow more time for them to get ready for reporting, including to resolve any reporting issues uncovered during the simulation test. For the avoidance of doubt, entities that had signed up for the reporting service and completed a simulation test for reporting under the Interim Reporting Requirements (applicable only to Licensed Banks) introduced by the HKMA in August 2013 are not required to sign up again and complete another simulation test for the purpose of reporting under the new OTC derivatives regime.

For regulated entities intending to report through an agent, they must make sure that their agents will meet all technical requirements specified by the HKTR in time and they must test the trade submission process with their agents prior to reporting. A declaration form on the readiness of reporting via an agent is required to be filed with the HKTR before the agent will be accepted for reporting for an entity. Please also note that reporting via an agent by an Authorized Institution may constitute an

outsourcing arrangement requiring prior approval of the HKMA. Authorized Institutions may check with their usual supervisory contacts at the HKMA on the approval arrangement.

If there are any questions about the new OTC derivatives regime, please contact the Banking Policy Department of the HKMA at 2878 1279 (for Authorized Institutions and Approved Money Brokers) or the Supervision of Markets Division of the SFC at 2231 1788 (for other entities). For questions about the service and operation of the HKTR, and the training and simulation tests, please contact the HKTR at 8100 3115 or e-mail to hktr@hkma.gov.hk.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Colin Pou', written over a horizontal line.

(Colin Pou)

Head, Payment Systems Operation Division
Financial Infrastructure Department

Encl.

c.c. Mr Rico Leung, Senior Director, Supervision of Markets, Securities and Futures Commission

Enrolment form for User Training of the HKTR Reporting Service

Name of institution: _____

TR Member code (if applicable): _____

Training sessions for the second half year of 2015

(Please tick the applicable session)

	Date	Time	Language#	Venue	Enrolment cut-off
<input type="checkbox"/>	03-Jul-2015	14:30 – 18:00	English	HKMA Office*	26-Jun-2015
<input type="checkbox"/>	26-Aug-2015	14:30 – 18:00	English		21-Aug-2015
<input type="checkbox"/>	28-Oct-2015	14:30 – 18:00	English		23-Oct-2015
<input type="checkbox"/>	02-Dec-2015	14:30 – 18:00	English		27-Nov-2015

#Video demonstration (English and Cantonese) on the use of the Reporting Service can be downloaded from the website of the HKTR

*Venue: HKMA office, 55/F Two International Finance Centre, Central, Hong Kong

My institution would like to nominate the following officers to attend the training session selected above:

Name	Telephone	Email

Note: Priority will be given to institutions that have signed the Reporting Service Agreement. If the number of enrolled participants exceeds the capacity of the session, additional sessions will be arranged, and the enrolled participants will be advised accordingly.

(Please complete and return this form to the HKTR by fax to (852)2878-1679 or by e-mail to hktr@hkma.gov.hk on or before the respective enrolment cut-off dates)

Enrolment form for Simulation Test of the HKTR Reporting Service

Name of institution: _____

TR Member code (if applicable): _____

The Simulation Test is composed of two parts: (i) Scenario Test and (ii) Product Specific Test. A participant **MUST** select one asset class and follow the schedule set by the HKMA to complete the Scenario Test, the Product Specific Test can be completed according to the own schedule set by the participant. The Simulation Test package can be downloaded in the HKTR Info Page at <https://hktr.hkma.gov.hk/>

Simulation Tests Schedule for the second half year of 2015

(Please tick the applicable period and one applicable asset class)

	Simulation Test Sessions	Enrolment cut-off
<input type="checkbox"/>	13-Jul-2015 to 17-Jul-2015	03-Jul-2015
	<input type="checkbox"/> Interest Rate Derivatives <input type="checkbox"/> Equity Derivatives	
<input type="checkbox"/>	07-Sep-2015 to 11-Sep-2015	28-Aug-2015
	<input type="checkbox"/> Interest Rate Derivatives <input type="checkbox"/> Foreign Exchange Derivatives	
<input type="checkbox"/>	09-Nov-2015 to 13-Nov-2015	30-Oct-2015
	<input type="checkbox"/> Interest Rate Derivatives <input type="checkbox"/> Equity Derivatives	
<input type="checkbox"/>	14-Dec-2015 to 18-Dec-2015	04-Dec-2015
	<input type="checkbox"/> Interest Rate Derivatives <input type="checkbox"/> Foreign Exchange Derivatives	

My institution will participate in the simulation test in above selected period. Please contact the following officers of our institution for system and logistical arrangements:

Name	Telephone	Email

(Please complete and return this form to the HKTR by fax to (852)2878-1679 or by e-mail to hktr@hkma.gov.hk on or before the respective enrolment cut-off dates)